

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6657

BILL NUMBER: SB 369

NOTE PREPARED: Dec 30, 2009

BILL AMENDED:

SUBJECT: Veterans' Contracting Preference.

FIRST AUTHOR: Sen. Young R

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ GENERAL
☒ DEDICATED
☒ FEDERAL

IMPACT: State

Summary of Legislation: This bill provides a 3% price preference for businesses owned by veterans for purposes of state public works contracts, state purchasing of goods and services, and state highway contracts.

Effective Date: July 1, 2010.

Explanation of State Expenditures: Under the bill, veterans are provided a 3% price preference in request for proposals (RFPs). This bill may increase state expenditures to the extent a veteran's more expensive RFP is selected over an otherwise lowest competitive bid as a result of the price preference. Currently, the Indiana Department of Administration (IDOA) does not have a reporting mechanism in place to quantify which contracts are submitted by veterans. The impact this bill may have on state expenditures is indeterminable.

Background Information:

The IDOA reports a similar contract preference, the Buy Indiana program (implemented in 2004), has had no discernable effect on state expenditures. IDOA gives a preliminary contract preference to RFPs that qualify for a preference. However, it was reported that the Department negotiates with these preliminarily selected RFPs to negotiate lower bids. Additionally, it was reported that a majority of the businesses that would be eligible for a veteran's contract preference would also be eligible for the Indiana Small Business price preference of 15%. Only one price preference can be claimed per RFP. It was assumed that most veteran RFPs who qualify for both price preferences would opt for the Indiana Small Business preference.

IDOA reports there are 975 active public works contracts totaling \$59 M for capital improvement and

preventative maintenance projects. These figures do not include the leasing of properties utilized by state agencies outside of the Indianapolis Government Center complex or university projects. The IDOA Procurement Division currently maintains 3,000 state contracts that exceed \$100,000 and are worth a minimum of \$30 M.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected:

Information Sources: Connie Smith, IDOA; Chris Kiefer, INDOT; Rob Wynkoop, IDOA.

Fiscal Analyst: Bill Brumbach, 232-9559.